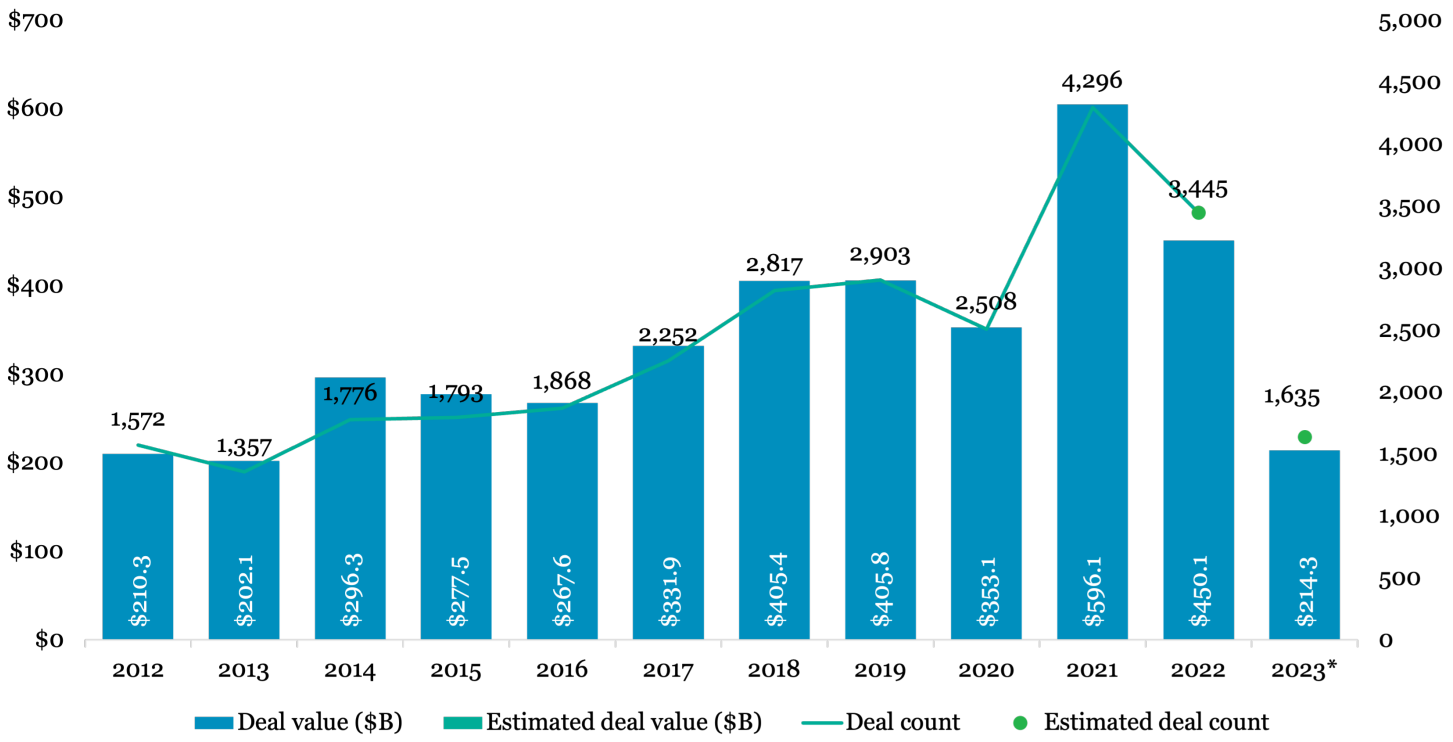
Middle market deal activity

PitchBook | September 21, 2023



Download PitchBook's Report here.

The middle market is humming along, according to PitchBook's latest US PE Middle Market Report. Through June, about $214 billion has been invested across 1,635 deals. Both figures are slightly under last year's pace but still ahead of the pre-COVID years. Middle market companies are being wooed by new faces—bigger buyout shops that are aiming lower, and private credit lenders, who are jockeying for middle-market deals amidst a slowdown in mega-buyout financing.

So it doesn't come as a surprise that middle-market buyouts now constitute 75% of all buyouts in the US. That's the highest percentage we've ever recorded. The value ratio is also at its highest ever, at 69%.

The middle market's glow only extends to deal activity. Exits are glum. We're estimating 138 exits happened in Q2, the smallest total since the height of the pandemic. The same went for exit value (just $24 billion total). As far as comparisons go, the broader PE market actually did better than the middle market in terms of exits. As the report notes, that might be due to "a sudden downshift in growth of middle-market companies during the quarter, giving pause to potential buyers."

(Past performance is no guarantee of future results.)